

Message Text

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ACTION EUR-25

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FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5308

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E.O. 11652: ADS DECLAS 3/4/75

TAGS: EGEN,MT

SUBJ: WISTIN ABELA-GOM ECONOMIC POLICIES

REF: VALLETTA 371(NOTAL)

1. PARLIAMENTARY SECRETARY AT PM'S OFFICE WISTIN ABELA SPOKE TO AUDIENCE ON MAR.3 DESCRIBING CURRENT MLP ADMINISTRATION ECONOMIC POLICIES AND EFFORTS COPE WITH WORLDWIDE INFLATIONARY PRESSURES AND FUEL PRICES.

2. ABELA SAID PRICES OF BASIC FOOD STUFFS EXPECTED TO INCREASE BY FURTHER 50 PERCENT THROUGHOUT WORLD DURING COMING YEAR. IN ORDER FOR GOM TO RESTRAIN THIS EXTERNAL INFLATIONARY PRESSURE IT WILL BE NECESSARY TO SUBSIDIZE FOODSTUFFS AND ESSENTIAL COMMODITIES BY SIX MILLION MALTA POUNDS (ONE MALTA POUND EQUALS APPROX 2.58 DOLLARS) DURING NEXT FINANCIAL YEAR BEGINNING APR. 1 . IT IS ANTICIAPTED THAT ANOTHER FIFTEEN MILLION MALTA POUNDS WILL BE SPENT BY GOM TO PAY FOR PETROLEUM PRODUCTS.

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COMMENT: IN FACT, CURRENT MLP ADMINISTRATION HAS HAD REMARKABLE SUCCESS THUS FAR IN RESTRAINING INFLATIONARY PRESSURES. THE LATEST COST OF LIVING FIGURES FOR JANUARY, FOR EXAMPLE, INDICATE A RISE IN THE ALL ITEM INDEX BY 9.1 POINTS

TO 140.2 POINTS AND A DROP IN THE SUB INDEX FOR FOOD BY 0.1
POINTS TO 146.0

3. REFERRING TO THE MALTA DRYDOCKS, ABELA REMINDED HIS AUDIENCE THAT THE CHRONIC LOSSES IN THE YARD HAVE BEEN REMOVED BY THE CURRENT ADMINISTRATION AND THE YARD IS EXPECTED TO EARN A PROFIT DURING THE NEXT FINANCIAL YEAR (SEE REFTEL). ABELA ADDED THAT DESPITE THE CURRENT CONFUSING SITUATION IN MANY OF THE WORLD'S LEADING ECONOMIES, THE MLP'S INDUSTRIALIZATION PROGRAM CONTINUES TO MOVE FORWARD. COMMENT: IN FACT, THERE ARE NO MORE NO LONGER ANY EMPTY FACTORIES IN MALTA. FACTORY SPACE MUST BE CONSTRUCTED FOR NEW INVESTORS AND THOSE OCCUPYING GOVERNMENT OWNED PREMISES ARE FEARFUL OF BEING DISLOCATED IF THEY DO NOT MAINTAIN AGREED EMPLOYMENT AND PRODUCTION LEVELS. DURING 1973 EXPORTS GREW BY 10.2 MILLION MALTA POUNDS TO 36.0 MILLION MALTA POUNDS, REFLECTING SUSTAINED ADVANCES BY THE MANUFACTURING SECTOR.

4. ABELA ALSO TOOK CREDIT FOR HIS GOVERNMENT'S ATTEMPTS TO SALVAGE THE MALTESE OWNED NATIONAL BANK. HE SAID THE RUN ON THE NATIONAL BANK THREATENED THE JOBS OF SOME 30,000 MALTESE WORKERS. "WE DO NOT WANT TO TAKE OVER MALTESE BANKS, WE ONLY WANT TO CONTROL FOREIGN BANKS."

5. FINALLY, ABELA SAID THE WHOLE WORLD HAS BEEN HIT BY THE OIL CRISIS. EXPLAINING A BARREL OF OIL IN 1971 COST LESS THAN A DOLLAR TODAY COST 18 DOLLARS, ABELA SAID: "MALTA HAS NOW FOUND A WAY TO SPEND THE MILLIONS OBTAINED BY MR. MINTOFF (FROM NATO DONORS) A FEW YEARS BACK. "WE HAVE A PRIME MINISTER WHO PLANS FOR THE FUTURE." GETZ

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